

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of an Investigation into the	)	
Possible Methods of Mitigating Identified	)	
Harmful Effects of Entergy Joining MISO on	)	
Non-MISO Missouri Utilities and Their	)	File No. EW-2014-0156
Ratepayers and Maximizing the Benefits	)	
For Missouri Utilities and Ratepayers Along	)	
RTO and Cooperative Seams	)	

COMMENTS OF ENTERGY SERVICES, INC. ON BEHALF OF THE ENTERGY  
OPERATING COMPANIES

COMES NOW Entergy Services, Inc. ("ESI"), on behalf of the Entergy Operating Companies,<sup>1</sup> and submits these Comments in response to the Commission's November 26, 2013 order issued in the above-captioned proceeding.<sup>2</sup>

In the *November 26 Order*, the Commission opened a proceeding to investigate seams issues relating to Missouri's position along the seam between the Midcontinent Independent System Operator, Inc. ("MISO") and the Southwest Power Pool ("SPP") Regional Transmission Organizations ("RTOs"), as well as the seam with Associated Electric Cooperative, Inc ("AECI"), which is not a member of any RTO. The Commission identified two specific seams issues discussed in File No. EO-2013-0431 (the proceeding involving Entergy Arkansas, Inc.'s ("EAI's") transfer of functional control to MISO):

- Charges to transfer electricity across the seam between MISO and the SPP; and

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<sup>1</sup> The six Entergy Operating Companies are Entergy Arkansas, Inc.; Entergy Gulf States Louisiana, L.L.C.; Entergy Louisiana LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; and Entergy Texas, Inc.

<sup>2</sup> *In the Matter of an Investigation into the Possible Methods of Mitigating Identified Harmful Effects of Entergy Joining MISO on non-MISO Missouri Utilities and Their Ratepayers and Maximizing the Benefits for Missouri Utilities and Ratepayers Along RTO and Cooperative Seams*, File No. EW-2014-0156 (Nov. 26, 2013) ("*November 26 Order*").

- The methodology for evaluating, accounting for, and control of loop flows between Missouri RTO seams.

The Commission asked several questions relating to these and other seams issues, stated that this was not an exclusive list of questions, and invited MISO, SPP, stakeholders within these RTOs, interested utilities and the general public to provide the Commission with any information relevant to the seams issues between MISO and SPP. The Commission noted that intervention requests are not necessary in order to submit comments.

ESI, on behalf of the Entergy Operating Companies, is submitting these Comments to assist the Commission in its investigation. The Entergy Operating Companies, as transmission owning members of MISO, have an interest in these seams issues and consequently have been actively participating in the applicable federal proceedings.<sup>3</sup>

#### **I. MISO-SPP SEAMS ISSUES ARE BEING RESOLVED IN PENDING FERC PROCEEDINGS**

The *November 26 Order* mentions two seams issues addressed in File No. EO-2013-0431—MISO through-and-out charges and MISO-SPP loop flows—and several of the questions posed by the Commission involve those issues. Since the *November 26 Order*, several notable events have occurred involving these two issues. Both these issues currently are being addressed in pending FERC proceedings.

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<sup>3</sup> By participating in this proceeding, however, ESI does not concede that the Commission has jurisdiction over EAI with respect to the seams issues addressed in the *November 26 Order*. EAI is not a load-serving entity ("LSE") in Missouri and serves no Missouri retail customers. EAI owns limited transmission facilities (approximately 87 miles) in Missouri, which are used by MISO solely to provide wholesale transmission service. Further, issues identified in the *November 26 Order* relating to MISO's through-and-out charges and loop flows between MISO and SPP are within the exclusive jurisdiction of the Federal Energy Regulatory Commission ("FERC"), and FERC is directly addressing those issues in pending proceedings in which this Commission is a party.

There has been significant activity involving the SPP-MISO loop flow issues since November 26, 2013. On December 3, 2013, the U.S. Court of Appeals for the D.C. Circuit remanded FERC's decision in Docket EL11-34 that had ruled that Section 5.2 of the Joint Operating Agreement ("JOA") between MISO and SPP required those parties to share contract paths with each other.<sup>4</sup> On January 28, 2014, in Docket No. EL14-21, SPP filed a Complaint against MISO arguing that MISO is violating the MISO-SPP JOA by imposing market flows on SPP's system in excess of 1000 MW or, in the alternative, that, to the extent the JOA authorizes such market flows, it is unjust and unreasonable and should be revised to require compensation for market flows above 1000 MW. On that same date, SPP also filed in Docket No. ER14-1174 an unexecuted Service Agreement requiring MISO to compensate SPP for market flows that exceed 1000 MW. On February 18, 2013, in Docket No. ER14-30, MISO filed a Complaint against SPP contending that SPP transmission service invoices to MISO for market flows above 1000 MW violate the MISO-SPP JOA and the SPP Open Access Transmission Tariff.

On March 28, 2014, FERC issued an order consolidating all of these proceedings and setting them for hearing and settlement judge procedures.<sup>5</sup> The parties have exchanged information and held several settlement meetings. The next settlement meeting is scheduled for August 21, 2014.<sup>6</sup> This Commission is a party to these consolidated, pending FERC proceedings.

With respect to the MISO through-and-out charges, on February 20, 2014, in Docket No. ER13-948, FERC issued an order granting in part rehearing of its prior

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<sup>4</sup> *Southwest Power Pool, Inc. v. FERC*, 736 F3d 994 (D.C. Cir. 2013).

<sup>5</sup> *Southwest Power Pool, Inc.*, 146 FERC ¶ 61,231 (2014).

<sup>6</sup> *Order Scheduling Settlement Conference*, Docket Nos. ER14-1174-000, *et al* (June 10, 2014).

ruling and setting for hearing and settlement judge procedures the issue of whether application of MISO through-and-out charges for service over the transmission system in the MISO South region is just and reasonable.<sup>7</sup> The parties have exchanged information and held several settlement meetings regarding application of MISO's through-and-out charges to non-MISO Missouri customers. The next settlement meeting is scheduled for October 1, 2014.<sup>8</sup> Again, this Commission is a party to this pending FERC proceeding.

ESI believes that the pending settlement proceedings involving the MISO-SPP loop flow issue and the MISO through-and-out charge issue are productive and that the parties are actively working toward developing mutually-agreeable resolutions of these seams issues. ESI respectfully believes that the pending FERC proceedings are the appropriate proceedings to resolve these matters.

## **II. LOOP FLOW ISSUES SHOULD BE RESOLVED WITHIN THE FRAMEWORK OF THE MISO-SPP JOA**

Issues involving potential loop flow impacts between SPP and MISO have been controversial ever since the Entergy Operating Companies announced their intent to join MISO while other utilities remained members of SPP. Although the MISO-SPP JOA was designed to address seams issues between MISO and SPP, there is significant disagreement among the parties about the meaning of the MISO-SPP JOA and whether and, if so, how that agreement should be revised in light of the MISO South integration.

ESI acknowledges that there may be ways to improve the MISO-SPP JOA in light of the MISO South integration. However, the JOA has been extensively examined

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<sup>7</sup> *ITC Holdings Corp.*, 146 FERC ¶ 61,111 (2014).

<sup>8</sup> *Order Setting Fifth Settlement Conference*, Docket Nos. ER13-948-000, *et al.* (June 17, 2014).

and revised by the parties and by FERC over the past decade. The current terms of the JOA reflect the results of this extensive review and revision such that it represents the “best practices” in the industry with respect to seams management. While improvements may potentially be made to the MISO-SPP JOA, there is no need to reinvent the wheel, and the MISO-SPP loop flow issues can and should be resolved through the existing framework of the MISO-SPP JOA.

In particular, the JOA, and associated Congestion Management Process, provide for the identification of Reciprocal Coordinated Flowgates (“RCF”) that are impacted by the dispatch of either RTO’s generation and then allocates firm capacity on each flowgate to the respective RTOs based on certain measures of historical usage. When congestion exists, each RTO must stay within its firm allocation (or compensate the other for any associated redispatch costs). When there is no congestion, both RTOs can use a greater amount of capacity on a non-firm basis. This seams management approach is used effectively and efficiently by other RTOs (such as MISO and PJM), and it can be improved even further once SPP and MISO adopt the “market-to-market” congestion management provisions that FERC has ordered them to implement within one year following the start-up of the SPP’s Integrated Marketplace.<sup>9</sup>

**III. ISSUES INVOLVING THROUGH-AND-OUT CHARGES SHOULD BE RESOLVED IN AN EVEN-HANDED WAY THAT ADDRESSES BOTH SPP AND MISO CHARGES**

The application of MISO through-and-out charges to former point-to-point customers in the MISO South region also has been a controversial issue. Certain non-

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<sup>9</sup> *Southwest Power Pool, Inc.*, 141 FERC ¶ 61,048 at PP 85, 88, 364 (2012). Revisions to the SPP-MISO JOA to add the market-to-market congestion management process are pending before FERC in Docket No. ER13-1864.

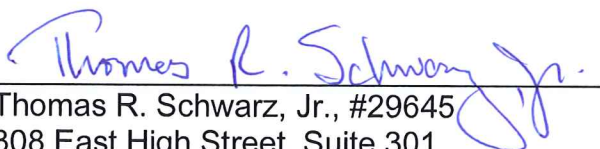
MISO Missouri LSEs have opposed paying MISO's through-and-out charges, and those issues are being discussed in ongoing settlement proceedings before FERC.

Issues regarding the efficacy of MISO's through-and-out charges should be addressed in an even-handed way that addresses the through-and-out charges assessed by *both* SPP and MISO, not just the charges associated with service out of MISO South. In the *November 26 Order*, the Commission frames questions involving through-and-out charges to apply to both SPP's rates and MISO's rates.<sup>10</sup> ESI infers from this that the Commission's position on this issue may be consistent with ESI's view that these issues should be considered in an even-handed manner.

Respectfully submitted,

BLITZ, BARDGETT & DEUTSCH, L.C.

By:



Thomas R. Schwarz, Jr., #29645  
308 East High Street, Suite 301  
Jefferson City, MO 65101  
Telephone: 573/634-2500  
Facsimile: 573/634-3358  
Email: [tschwarz@bbdlc.com](mailto:tschwarz@bbdlc.com)

Attorney for Entergy Services, Inc.

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<sup>10</sup> See, e.g., *November 26 Order*, at 4-5, question no. 4.

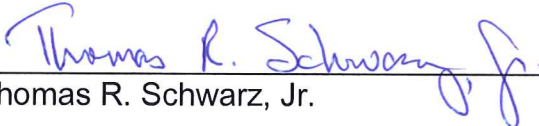
## CERTIFICATE OF SERVICE

The undersigned does hereby certify that a copy of the above and foregoing has been served upon counsel of record as follows by forwarding the same by electronic mail, this 1<sup>st</sup> day of July, 2014.

Steve Dottheim  
Missouri Public Service Commission  
[Steve.Dottheim@psc.mo.gov](mailto:Steve.Dottheim@psc.mo.gov)

Office of General Counsel  
Missouri Public Service Commission  
[staffcounsel@psc.mo.gov](mailto:staffcounsel@psc.mo.gov)

Dustin Allison  
Office of the Public Counsel  
[opc@ded.mo.gov](mailto:opc@ded.mo.gov)

  
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Thomas R. Schwarz, Jr.